

Talking Points

Signing of the Windpool Bill (HB 1500): Mississippi Growth and Redevelopment Act of 2007

Thursday, March 22, 2007

- The conference report for the windpool bill was passed unanimously by both houses of the Legislature.
- This bill creates the Mississippi Windstorm Underwriting Association Reinsurance Assistance Fund. Monies in the special fund may be used by the Department of Insurance, upon appropriation by the Legislature, for the purpose of assisting the windpool in defraying expenses for reinsurance.
- This legislation provides \$20 million per year for four years (2007-2010) from the insurance premium tax to buy reinsurance. Policy holders in the windpool will experience lower premiums due to this important legislation. (It is estimated to be about \$500).
- The windpool bill encourages companies to write plans in the windpool by providing an annual credit against state insurance

premium taxes for domestic and foreign insurance companies for new wind and hail policies written in the coast area of the state.

Other facts about insurance on the Coast:

- After Hurricane Katrina, \$50 million from HUD's Community Block Development Grants was set aside to mitigate the cost of insurance in the windpool. Another \$30 Million from HUD has just been approved.
- The insurance industry in Mississippi is six-tenths of one percent of the national market.
- Today there are approximately 40,000 policies in the windpool, up from 16,000 policies at the time of Hurricane Katrina.
- The total insured value of the windpool is now \$6 billion, and before Hurricane Katrina it was \$1.8 billion.
- This bill will mitigate the increase of insurance premium costs across the entire state.

- The wrath of Hurricane Katrina didn't end when the wind and water subsided in August 2005. As a state, we will be dealing with Katrina's aftermath for years to come, and the availability of insurance – not to mention its affordability – is absolutely critical to helping homeowners and businesses get back on their feet.
- This new infusion of money into the wind pool, coupled with the many other steps that are being taken, offers renewed confidence that we will rebuild bigger and better than ever.
- As I sign this measure into law as an immediate necessity, we must also remember that the ultimate goal is to re-create the private insurance market so that the wind pool isn't even necessary. I see this as a step toward that goal.